Reduced drug prices

21. SHRI S.S. AHLUWALIA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have reduced the rates of Central Excise Duty on several drugs in the recent past;

(b) if so, the details thereof, including rates of duty levied prior to the said revision;

(c) the reason/objective behind the decision;

(d) whether any monitoring of retail prices of these drugs is being done to ascertain, *inter alia*, if the benefit of duty reduction is being passed on to the actual beneficiaries;

(e) if so, the finding thereof; and

(f) if not, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) The excise duty at the rate of 16% is leviable on Drugs and medicines (excluding pharmaceutical products and medicaments containing alcohol, opium, Indian hemp or other narcotic drugs) with effect from 1999-2000 till date. Specified bulk drugs and life saving medicines are exempted from levy of the excise duty. There has been no reduction in excise duty rates on drugs and medicines in recent past.

(b) to (f) In view of reply to (a) above, does not arise.

Demands made by pharma companies

22. DR. M.A.M. RAMASWAMY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the pharmaceutical industry has been demanding exemption from price control of drugs in which the companies have invested heavily;

(b) if so, the details of the other demands of the industry;

(c) Government's reaction thereto;

(d) whether the new pharmaceutical policy has been prepared;

(e) if so, the salient feature thereof; and

(f) if not, by when this policy would be put in place?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (f) As per the present Pharma Pricing Policy, the 74 bulk drugs specified in the first Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. These drugs have been kept under price control on the basis of criteria mentioned in 'Modification in Drug Policy, 1986', announced in September, 1994.

The drug industry has been demanding for relaxation of drug price control regime as well as grant of higher price for the drugs under price control. As per the existing policy the exemptions from price control are available on the basis of indigenous R&D, new Drug Delivery System, SSI units etc.

The Government, based on the recommendations of the Committee under the Chairmanship of Joint Secretary (Pharmaceuticals) and the Task Force udner the Chairmanship of Dr. Pronab Sen, Principal Advisor, Planning Commission the Government have drafted a National Pharmaceutical Policy, 2006, (Part-A), which has been circulated to various stakeholders seeking their comments. Based on the comments received the Government is likely to finalize the new Policy shortly.

Some of the salient recommendations of the National Pharmaceutical Policy, 2006 (Part-A), which contains issues other than statutory price control:

1) To provide funds for procurement of medicines in the public health system.

2) To provide medicines free of cost to BPL families.

3) Strengthening of Pharma PSUs.

4) Fiscal incentives for R&D.

5) MRP to be inclusive of all taxes.

6) Medicine labels to be printed with detail in English and Hindi.